



Lexington-Fayette Urban County Government
OFFICE OF THE MAYOR

Linda Gorton
Mayor

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Bold budget is historic investment in community

By Mayor Linda Gorton

Good afternoon, everyone. Thank you, Vice Mayor, and welcome to our Councilmembers who are here today.

Councilmembers, you are partners in the budget process, and many of your priorities are reflected in my budget proposal. Council will weigh my budget plan carefully and propose changes they feel are important. Ultimately they will pass a budget that represents both administrative and legislative goals. Councilmembers, thanks to all of you.

The budget I am presenting today is bold ... a historic investment in our community.

In two of my previous budgets I have made painful cuts we needed to live within our means during challenging times.

This year we have an unprecedented opportunity to invest in our future.

To address pent-up needs, and to plan for future obligations.

To reflect lessons I learned managing the pandemic, but also to move forward and overcome the impact of COVID-19.

To make significant progress, especially in public safety and affordable housing.

I want to take you through this budget talking about the investments it makes, and the mix of funding that makes them

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Before I get started I want to thank my budget team that helped me put this budget together. It took an experienced, knowledgeable team to craft a budget of this size and complexity.

Our team was led by Chief Administrative Officer **Sally Hamilton** and my Chief of Staff **Tyler Scott**. My Commissioner of Finance **Erin Hensley** and her team were an essential and critically important part of this process.

This group knows how to make the most of our resources. How to meet our responsibilities, prepare for future costs, while also striking out in new directions.

So let's start by talking about our resources ... this year they are significant, and *exceptional*. Our General Fund budget totals **\$460 million**.

This is a one-year phenomenon that involves one-time money we won't have next year. Therefore, we have been very careful to match one-time money with one-time investments.

I want to say that again ... there is significant one-time money in this budget ... money we don't expect next year ... and we are investing it in costs we won't have again next year.

Our budget is a mix of several revenue streams:

- It includes our projection for \$42 million in new revenue, reflecting strong growth in our economy;
- \$12.6 million in savings from this year we are carrying forward.
- \$12.5 million from current budget stabilization. We are using this money to meet pressing needs. This fund has outlived its usefulness in a budget that, thanks to our intentional conservative fiscal management, already has a healthy Rainy Day Fund.
- Savings totaling \$2.7 million in various accounts that have built up over a few years.
- And a modest \$42 million bond. Our careful management of debt has kept our borrowing costs low, with a continued AA stable bond rating despite the financial turbulence of recent years.

Look behind several of these numbers and you will find the impact of the pandemic. It put our economy on a rollercoaster ride in 2020, dramatically slowing virtually all economic activity. We benefitted from considerable federal and state investment to help us recover.

Just two years later, our economy is at pre-pandemic levels and beyond ... \$42 million in new revenue tells the story of that recovery in dollars and cents.

The City helped the economic recovery with support for the business community, rent and utility assistance, provision of personal protective equipment, and more.

And our business community stepped forward with new investments, expansions and new jobs that reflect their faith in our city and its economy.

The question every Lexington budget answers is how do we use our revenue to meet the most pressing needs, and invest in the future?

This is a question we weigh each year, and there are always many answers. **My answer always starts with investments in public safety, so that's what I'm going to talk about first.**

Increases in youth gun violence, domestic violence, and homicides have been part of the fallout from COVID-19 for cities across America. As the leader during this pandemic, I have had to find answers that fit our city.

One of the answers is the refocusing and expanding of **One Lexington**, our program designed to reduce gun violence among young people.

Archbishop **Desmond Tutu** once said, "We need to stop just pulling people out of the river. We need to go upstream and find out why they're falling in." In a nutshell, that's the goal of One Lexington.

Devine Carama, our Director of One Lexington, has spent many years both pulling people out of the river, and finding out why they're falling in. The work was his calling long before he came to my office almost a year ago. With support from the City, One Lexington is already having quite an impact on youth on our streets, and in our schools.

In Devine's first 10 months in the Mayor's Office it has become clear that One Lexington needs more resources.

I have added approximately \$375,000 to One Lexington's budget to build partnerships across government, and throughout our city. Partners will become involved in programs like the "It Takes a Village" summer program, a grant program for violence intervention, youth mediation, street outreach, and evidence-based programs that address trauma.

I have also added a new person in my office to support the work of One Lexington, and expand its impact.

In addition to working with a number of community partners, One Lexington works with our first responders, and with Parks and Recreation, and Social Services.

Parks is offering a new interactive summer experience for youth this year ... an opportunity for teens to learn about the transition from middle school to high school, or high school to college, community leadership, and technology.

In addition, this summer there will be recreation leaders in 16 neighborhood parks, to provide and supervise a wide variety of new activities for ages 5 and older.

And Social Services is expanding its Summer Youth Job Training Program. 300 young people will have the opportunity to earn a salary and learn more about the world of work. All these efforts positively engage youth and expose them to strong role models and opportunities.

While it's too early to assess the full impact of One Lexington and other new youth programming, our violent crime numbers are leveling off, thanks to the outstanding work of our community-focused police department, and our community partners.

Even so, we all know, one homicide is one too many. We are expanding our efforts to support our police with significant new resources. Law enforcement is facing challenges to keeping us safe unlike ever before, and it is incumbent on us to invest in modern equipment to help them do their jobs.

With the help of Council, we recently began a pilot project for the Flock license plate readers. Flock started installing the first 25 still cameras just last month, and they are already proving to be effective.

Police have already used them to:

- Locate and arrest suspects related to domestic violence and other assaults;
- Recover stolen cars;
- And, help identify the suspect in an animal abuse investigation.

I want to have the funds in place to expand the Flock project, assuming the pilot license tag cameras continue to succeed.

I have included \$275,000 in this budget for an additional 75 Flock cameras, to be scattered throughout our community.

Let me be clear, these are not for speeding tickets. These tools aide law enforcement in investigations and help them solve crimes.

In addition, we will spend \$5 million to replace police vehicles. We invest in public safety equipment each year to ensure it is up-to-date.

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Clearly, that investment also extends to our fire department.

This year we will make a significant investment in state-of-the-art technology ... \$1.2 million ... to install a **fire station alerting** system. Accurate and timely response is a top priority for the fire department. This is a more reliable system that will get our firefighters out of fire stations quicker.

We will take a huge step forward in purchasing fire equipment, modernizing our fleet and reducing fleet down time. I have budgeted \$6.1 million for 3 engines, 2 emergency medical units, one ladder truck and a mobile air vehicle, used to refill air cylinders at fire scenes.

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We all agree that public safety is the foundation of a healthy community.

There are other essentials we must add to that foundation if we want to build a successful community.

Near the top of that list is the need for an ample supply of quality **affordable housing**.

The pandemic revealed the depth of the need, and cities all over the country are feeling the impact. In Lexington, we continue to grow. People want to live here, and they need housing they can afford.

As the only Mayor who has led this city during a pandemic in modern history, I am well versed in the demands it has put on housing. While, as a city, we can't do anything about the rising costs of construction or higher interest rates, we can build more affordable housing, and that's what we're doing.

This is the first full budget year for our new Department of Housing Advocacy and Community Development, led by Commissioner **Charlie Lanter**.

Since 2014, when we created our Affordable Housing Fund, the City has committed millions each year to provide funding to for-profit and non-profit developers to **create or preserve almost 3,000 units** of affordable housing. The City has leveraged \$23.6 million in government funds into a total investment of \$350 million in affordable housing in our community. That's an astounding record.

This year, we are taking the government's commitment to affordable housing to the **next level**. The Council and I committed \$10 million in American Rescue funds to affordable housing. And in this budget proposal I am proposing the addition of \$2 million more for our Affordable Housing Fund.

In addition, I am proposing the establishment of a \$1 million **Lexington Neighborhood Investment Fund**. Organizations will be able to apply for zero interest loans to rehabilitate blighted and abandoned properties, turning them into affordable housing and combating gentrification.

We are also hoping to improve housing through a fund we established in **Code Enforcement**, now a part of our Housing Department. The \$200,000 Housing Assistance Program provides home repair grants to low income homeowners who can't afford to make needed repairs.

Although we will fund most homelessness-related initiatives outside of this budget through American Rescue funding, I think it's important to talk about them in this speech since it is a part of affordable housing. The Council and I have dedicated \$5.75 million in American Rescue funding to homelessness.

Good jobs are also required if we are going to build a robust City.

We work on economic development every day. Numbers that reflect the state of our economy speak for themselves – we are back to pre-pandemic levels, and then some.

Consider this:

- Almost 1,000 more businesses, many of them operating remotely, now have employees in Lexington than were here before the pandemic.

Or this:

- In early March 2020, our unemployment rate was 3.7%
- In April 2020, our unemployment rate was 14.8%.
- Now, our unemployment rate is hovering around 3 percent ... lower than the rate before the pandemic!

200 East Main Street

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Lexington, KY 40507

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(859) 425-2255 •

www.lexingtonky.gov

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There are several initiatives in economic development funding I have included in this budget.

First, a **\$3 million Infrastructure Investment Fund** to lessen barriers to infill development.

While there is significant property available for development within our Urban Services Boundary, we must recognize that it can be more expensive to develop infill property. This fund will provide repayable, zero-interest loans designed to be the last money in to make an infill project work.

I have also included funding for a sustainability study to maintain the data base of how much land is available for housing, economic development, commercial and other uses.

In addition, we are investing to put city permitting requirements on line ... a one-stop shop. This will make it quick and easy for everyone from land development professionals to do-it-yourself homeowners to find out what permits are needed, what they'll cost, and even apply for permits online.

Lexington is business friendly, and we will continue to knock down barriers and streamline processes.

As part of our economic development efforts, we have been working for three years to lay the ground work to make Lexington a hub of high tech agricultural innovation. We've done the studies, and talked to our local network of ag-tech firms.

As we have worked on this issue we have formed a strong partnership with Kentucky Agriculture Commissioner Dr. **Ryan Quarles**; Dr. **Nancy Cox**, dean of the University of Kentucky College of Agriculture Food and Environment; and Alltech President **Dr. Mark Lyons**.

Now, we are establishing a public private partnership, the **Bluegrass Ag Tech Development Corporation**, to provide for staff, locations, incentives and challenge grants. In this budget I am pledging \$1 million toward these efforts. Our partners have also expressed an interest in working with the Kentucky Agricultural Development Board for additional funding and support for this effort.

I have also included \$2 million in this budget for our **PDR program** to protect working farmland.

Next let's talk about **basic services, always a core part of my budget**.

Since it seems we're finally beyond the really cold weather, let's talk about **snow**.

- We're replacing our worn out original salt barn, buying a salt brine maker to ensure a ready supply, and doing a study to optimize our snow plow routes.
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Like snow removal, Streets and Roads also oversees our paving projects. This year we've included \$13 million for paving.

There are two significant road projects in this budget that I want to talk about today:

- First, we are supporting Fayette County Public Schools by widening the intersection of **Mason-Headley at Versailles Road**. The schools bought property in this area for a new school. Road improvements are essential. This is a \$3.6 million project. This year we are funding the design at \$1.37 million.
- Second, I have set aside \$5 million for safety improvements on **High and Manchester streets** near Central Bank Center. There have already been too many accidents in this stretch of road. The expansion of Central Bank Center, the new Town Branch Park, and new businesses on what has served as the Lexington Center parking lot will increase traffic in the area. These funds will be used as a grant match or to fund public improvements.

Speaking of **traffic**:

- We are investing \$100,000 to continue a **Neighborhood Traffic Management Program** to allow traffic engineers to work with Councilmembers and neighborhood representatives to address neighborhood traffic concerns.

Now let's talk about some projects I've included that focus on quality of life:

Many citizens discovered our pedestrian and bike trails, and bike friendly streets during the pandemic ... it was a way to enjoy the outdoors safely. We've been working on this trails network for several decades, and it's a great asset for our city. Now we're beginning to make connections between trails.

This year we're:

- Improving curbs and sidewalks on North Limestone, between Withers Avenue and New Circle, and creating bike friendly areas.
- Installing sidewalks and bike lanes on West Loudon, from North Broadway to North Limestone.
- Connecting Town Branch Trail and Legacy Trail, from Lucille Drive to the proposed Village of Great Acres.
- And adding a much needed shared use path on Alumni, from Tates Creek to New Circle.

The pandemic put a spotlight on the need for **improved translation services** and better outreach to offer a better quality of life to our growing immigrant community. We are spending \$200,000 for two new full-time staff people at Global Lex and to provide for web translation ... residents will be able to push a button and convert our web pages into 94 different languages.

Our **Extended Social Resource** program ... grants to social service agencies that provide essential quality of life services ... will be funded at \$3.8 million, **an increase of almost \$200,000 over last year**. These are important grants that fund partnerships with dozens of agencies across our community to help those who need it most. The assistance of these agencies has been invaluable during the pandemic.

Following a recommendation from the Mayor's Commission on Racial Justice and Equality, we are spending \$260,000 to buy a **mobile food truck** and refrigerated trailer that will sell fresh food in areas of town where fresh produce is hard to find.

- This is a one-time upfront cost to get this program up and running. Going forward, partners will stock and operate the vehicle.
- After more than two years of living with a pandemic, investments in health are more important than ever.

Our **Arboretum, the State Botanical Garden**, a joint project between the City and the University of Kentucky, is raising money to renovate and expand its education and visitor center. The arboretum enhances quality of life for thousands of citizens. We will contribute \$200,000.

For the growing number of people who enjoy our **golf** courses, I have included \$750,000 to replace golf carts at Kearney Hills, Lakeside, Picadome and Tates Creek. Our junior and adult golf programming is experiencing record participation.

And, we are sprucing up for the **Breeders' Cup races** we will be hosting this November. Among other projects, we will be refreshing the beds we established when we first hosted the Breeders' Cup in 2015. We will be ready to once again step into the international spotlight.

Finally, it's our responsibility to take care of **the people our government employs and the technology that makes government work.**

First, **our employees.** We have included a 5% raise for our non-sworn employees. Our employees who are in police, fire or corrections unions have already received raises through collective bargaining.

- Government is a service organization. Our employees provide the expert services our citizens demand. We want to ensure that we take care of our employees, and that means paying them fairly. We have to compete in a very tough labor market.
 - We are in the middle of a compensation study, and have set aside \$5 million in this budget to implement the findings of that study.
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Second, **technology.** The city makes continuous investments in cybersecurity. We are replacing an aging mainframe and securing 30 years of data the city is required to maintain.

Finally today, I want to talk about funding I have included to commission two important pieces of art.

First a memorial to commemorate our community's COVID-19 victims ... to date there have been 597 deaths..

We have found the perfect place for it downtown in a park that is part of Town Branch Commons Trail. Families and friends will be able to visit, and in this public space, we will all find a place where we can remember our loss.

Second, art to celebrate the 250th anniversary of our City, coming up in 2025 ...our **Sestercentennial**.

Can you believe it? 250 years! We're older than the Declaration of Independence!!

Naturally, through our first quarter of a millennium, we've had our ups and downs. What's important is that in the end, we have made progress in building a wonderful community.

Even as I led our city through the darkest days of the pandemic, I knew our community would ultimately triumph.

Through 250 years, our citizens have risen to meet every test.

These memorials will mourn what we have lost, celebrate our past, and challenge us for the future ... a future that, with determination and hard work, we can make bright for everyone.

Thank you.

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